

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** September 3, 2010

**FROM:** Office of General Counsel

**SUBJ:** Final Rule – §701.21

**ACTION REQUESTED:** Board issuance of the attached final rule with an effective date of 30 days from the date of publication in the Federal Register.

**DATE ACTION REQUESTED:** September 16, 2010

**OTHER OFFICES CONSULTED:** All Regional Directors and All Office Directors.

**VIEWS OF OTHER OFFICES CONSULTED:** Concur.

**BUDGET IMPACT, IF ANY:** None.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**RESPONSIBLE STAFF MEMBER:** Justin M. Anderson, Staff Attorney, Office of General Counsel.

**SUMMARY:** The attached rule amends the general lending rule, 12 C.F.R. §701.21, by permitting a higher interest rate ceiling for short-term, small-dollar loans but imposes limitations on the permissible term, amount, and fees for these loans. These amendments will permit FCUs to make loans cost effective while the limitations will appropriately confine the product to meeting its purpose as an alternative to predatory credit products.

**RECOMMENDED ACTION:** Recommend the Board issue the final rule with an effective date of 30 days from the date of publication in the Federal Register.

**ATTACHMENT:** Draft Final Rule.